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# Activities of Stock Exchanges and Brokers and their Methods of Buisness

By R. F. B. TAYLOR, C.A.
*Edwards, Morgan & Company*

(Before Hamilton Chapter. October 24)

IN May 1928, I had the privilege of addressing a body of students of Chartered Accountants' offices on the subject of "The Accounting Routine and Audit of a Stockbroker's Office." As the heading suggests this address was of a technical accounting and auditing nature, but in it I made the statement that, in my opinion, far too many people were engaging in stock market operations without the benefit of any knowledge, first as to the Companies in whose securities they were trading, and second as to the methods and restrictions of the brokerage house or stock exchange through which they were trading. Since that time we have come through a very heavy bull market, a complete collapse followed by a further general recession in values with temporary upturns from time to time, a realization by governmental authorities that considerable regulation of stock market and stockbroker's operations was in the public interest and still I find that the above statement is generally true. It is of course also true that the various circumstances mentioned have driven a lot us out of the market, but there are still many people in reasonable living circumstances who invest their funds in securities without having made themselves familiar with the soundness of the company in whose securities they are investing and without having studied the rules of the game which they are playing.

### Parallel with Yachting

Being a yachtsman of low grade and experience I might liken the average investor to Mr. T. O. M. Sopwith. With all respect to him as an individual, he invested large sums of money in a game with which he was relatively unfamiliar as compared with Mr. Vanderbilt and his extremely experienced "brain trust." That was his first mistake, and we cannot criticize him unduly for spending his own money in the way he wished to, but we can say that he was foolish. His second mistake was that, having entered the game, he did not make himself thoroughly familiar with the rules under which the game was to be played. He did not study thoroughly the rules of the New York Yacht Club which he knew, long before the challenge, were the conditions of the race. It is beside the point that these rules are unique to the New York Yacht Club; he agreed to sail under certain rules and it would seem obvious that he should have made a complete study of these rules before the match began.

I do not propose to discuss the wisdom of investing in one security or another, but I do hope to give you an idea of the rules and of the methods by which trading in securities is accomplished.

There are broadly two types of markets which may be entered by the investor or speculator. He may choose to enter the field of securities traded in on recognized stock exchange or he may enter into the unlisted market, that is securities not listed on exchanges

to which securities the provisions and safeguards of listing do not apply. I am going to speak principally on the stock exchange markets and in particular of that nearest to us the Toronto Stock Exchange.

A Stock Exchange may be likened to a social club. It may be incorporated under provisions of statutes or it may be unincorporated. All exchanges in Canada are, I believe, incorporated and subject to the legislative conditions of the statute under which they are incorporated. They are thus relatively easily controlled by legislative authority. The New York Stock Exchange on the other hand is an unincorporated association and was brought under Federal Control in the United States only by applying to its members, individually, certain rules of interstate dealings and of using the mails both of which come under the Federal jurisdiction.

### Membership and Control

Memberships in stock exchanges are acquired by payment of an entrance fee and of course the number of members in the exchange is limited by by-law of the Exchange. Each membership is entitled to one seat subject to the provision that one member may own more than one seat up to a number prescribed. The ownership of a seat, however, does not in itself entitle the owner to membership. He must be elected a member before he is entitled to use the seat.

The control of the Exchange and of its members is vested in a Management Committee elected annually by the members. This Committee exercises a strict control over the members by virtue of the by-laws which provide amongst other things for regulation of all trading practices on securities listed on the Exchange, stated commissions to be charged, no more and no less, on all transactions on the Exchange, rules as to deliveries between brokers and the right to examine the books of the members at any time and to investigate the trading in any security listed on the Exchange which would appear to be the result of manipulation or other improper practises.

### Functions of Stockbroker

A stockbroker has, generally speaking, four main functions:

1. To "buy for" and "sell for" clients securities listed on various stock exchanges. This is an agency transaction, the remuneration of the broker being a commission set by the various exchanges through which the transaction is completed.

   In this case, the broker acts as agent for the client, but as principal so far as the other broker is concerned, and he therefore guarantees the completion of the transaction by himself or his client.

2. To "sell to" or "buy from" clients, securities not listed on various stock exchanges. In brokerage circles, this is termed "Unlisted Trading" and in this case the broker acts solely as principal, taking his remuneration by way of a spread between the buying and selling prices.

3. To assist in the distribution of securities by (a) the purchase of or participation in an issue whch has been acquired by outright purchase or by option. In this case, the remuneration is received by way of a spread in price between the purchase or option price and the price at which the issue is sold to the public (b) the sale of securities for the issuing company or other borrower on a commission basis, for example the recent Dominion of Canada loan.

4. To assist the client in financing the purchase or sale of securities. This is the "Margin" feature of the business and will be discussed in detail later.

Stockbrokers may or may not be members of a stock exchange. If they are, they must be organized in the form of sole proprietorships or partnerships. If they are not, they may be incorporated or unincorporated. In any event they are subject to the provisions of the various Provincial Securities Acts or Security Frauds Prevention Acts. Now as to trading.

### Types of Order

There are, generally, three kinds of orders.

1. A Market Order.

By this is meant an order which is to be filled immediately at whatever market price is prevailing at the moment when the trade can be made. A market order is essentially an immediate one and the broker is only concerned with the endeavour to obtain for his client the prevailing price. Whether or not the transaction could have been completed later in the day at a price more advantageous to the client is beside the point.

2. An Open Order.

A client may put in an order to buy or sell at a certain stated price which at the time is not the prevailing market price. This order will remain unfilled until the market approaches the price set and then the broker will endeavour to fill it at the price named. The client must remember that in an active market it may be impossible for the broker to complete the transaction at the exact price, and the responsibility of the broker is not absolute but only to use due skill and care in bringing about the desired result.

3. A Stop Loss Order.

This is usually given by a client who is carrying stocks on margin. The price is considerably in advance of the purchase price and he is at the moment standing with a book profit. The market may start to sag off and he will decide that he will let it sag for a little while in the hope that it will recover and net him some additional profit. He is not anxious, however, to let it drop beyond a certain figure and so he puts in a Stop Loss Order at that figure. You can see, therefore, that this is very much the same as an open order with the difference that a selling open order would generally be at a price above the current market. In this case I have quoted a specific case of a client protecting a profit; this Stop Loss Order may be used, of course, in an attempt to minimize a loss and also is used in both buying and short selling transactions.

All types of orders apply equally to buying and selling transactions, and securities may be bought or sold "outright" i.e. for cash or on "Margin."

In the case of a purchase "outright" the client pays the purchase price plus the commission charged by the broker and receives delivery of the security at the same time.

In the case of a sale "outright" the client delivers the security to the broker and receives the proceeds of the sale less commission and transfer taxes (payable by the vendor on a change of ownership).

These are simple transactions and require, I think, no further elaboration.

### Trading on Margin

Marginal trading implies a contemplated delayed delivery between the client and the broker, and, further, the arrangement by the broker for the financing of a transaction involving a larger number of shares than the client is willing to pay for and take delivery of in the ordinary course (i.e. a purchase) or to make delivery of and receive payment for in the ordinary course (i.e. a short sale). The term "short-

selling" has received considerable prominence for years; it falls completely within this definition as a stock sold on margin.

The delivery of a stock purchased on margin is ultimately completed by a sale of the stock and an accounting for profits and losses on the transaction. The delivery of a stock sold on margin is completed by a purchase of the stock and a similar accounting.

The word margin refers to that part of the transaction which the client must finance. The term "loan value" refers to that part which the broker must finance and the sum of these two in the case of a purchase is the current market value of the security, and the difference between these two in the case of a short sale is also the current market value of the security.

The amount of margin required from a client is governed by the amount which bankers will lend on the security plus a margin of safety demanded by the broker. These factors are controlled by the class or group of enterprises such as railroads, public utilities, industrial concerns, mines, etc. into which the business of the issuing company falls and by the price of the security and its relative activity in the market. From a consideration of these factors is arbitrarily determined the margin percentage required from clients. This percentage is expressed as a percentage of the market value and varies with different exchanges and with different brokers. It is not in any sense a constant.

### Operation of Margin Account

The operation of a margin account is as follows:

(a) Purchase or Long Account.

At the time of the execution of the order, the client is charged with the purchase price plus commission and he must deposit in cash the amount of margin required. His debit balance is now approximately equal to the purchase price less the marginal requirement and at all times thereafter his debit balance must never exceed the current market value less the marginal requirement.

(b) Sales (or Short) Accounts.

At the time of the execution of the order, the client is credited with the selling proceeds less commission and stock transfer taxes, and he must deposit in cash the margin required. His credit balance is now approximately equal to the selling price plus the marginal requirement and at all times thereafter a credit balance must be maintained at least equal to the market price plus the marginal requirement.

I have stated above that the client must deposit cash to cover the margin required. This is usual but not compulsory. He may deposit in lieu of cash other securities having a "loan value" equal to the amount of cash required.

Now let us see how these rules work from the client's point of view.

Let us assume first the purchase of 1 share of stock costing $100.00, let us ignore commission and let us assume that the marginal requirement is 25% of the current market value. The client is debited with $100.00 and is credited with $25.00 cash leaving a net debit in his account of $75.00. Now the market falls to, say, $80.00. The debit balance must not exceed 75% of $80.00 which is $60.00 and the client must deposit a further $15.0 to bring his debit balance down to $60.00. That is, for every dollar drop in the market price the client must deposit 75 cents.

Had this transaction been a short sale, the client would be credited with $100.00 (again ignoring commission and in this case trans-

fer tax in addition) and would be credited further with $25.00 cash put up as margin. The stock rises to $120.00 and the client must deposit $25.00 to bring his credit balance up to that amount. That is, for every dollar rise in the market price the client must deposit $1.25.

When the client enters into margin transactions, he agrees to abide by these rules. Should he not do so, he agrees that the broker may complete the transaction in order to avoid being put in the position of carrying a debit balance against the client which is not fully covered by the security held against it. Up to 1929 stockbrokers carried on their business in a rather friendly or brotherly manner relying on a client's integrity to make good any deficiency. The result was bad. In the crash, accounts were carried far too long and heavy losses resulted to clients, many of these being still uncollected by the brokers. It is my opinion that a broker should be forced to "sell out" a client when the vanishing point is reached thereby limiting the loss to the amount of margin which has been deposited. In the ordinary case, it seems to me to be inexcusable for a broker to carry the client beyond this point as he is in effect using the ultimate resources of the client in a gamble that a rise in the market will enable the broker to come out even.

The cost to a client of operating a margin account is interest, that is, interest is charged by the broker on the debit balance at a rate in advance of the broker's borrowing rate from the bank. Any dividends received on the securities carried for the client are, of course, credited to the account of the client thereby reducing the net cost of interest.

### Legislative Safeguards

I have covered rather sketchily the rules of the game insofar as they affect the client, and now I want to give you very briefly an idea of the safeguards made available to clients at the expense of the broker by legislation in this Province, and by the Exchange itself under its own by-laws.

1. Any order affecting securities listed on an Exchange of which the broker is a member must be completed on the floor of the exchange.
2. Every partnership and any change of partners in a firm must be approved by the Exchange.
3. Any undue delay in settlement of any transaction on the Exchange with another member renders the broker liable to suspension.
4. Companies making application to list shares on the Exchange must agree to furnish financial statements in approved form at stated intervals.
5. Where a broker has orders to buy and sell a certain number of shares of a company for separate clients, he must execute these in accordance with the rules of the Exchange which prescribe that such a transaction must be clearly announced on the Exchange and be repeated by the Secretary or other designated officer of the Exchange who shall approve the transaction if the price is proper.
6. Audit of brokers' Accounts.

The accounts of all members must be audited at least twice in a year by the auditor nominated by the broker and approved by the Management Committee. This audit is carried on under rules laid down by the Committee through the Exchange Auditor and work must be done and statements prepared in accordance with his instructions. The purpose of these audits is to determine the solvency

position of each broker and to ensure that his accounts are properly and accurately kept and that all securities carried for clients are available to them on payment by them of the amounts due.

The determination of the solvency position is interesting and I will explain it briefly. First a Balance Sheet is prepared in the usual manner showing book values of assets and liabilities and the book value of Capital and undivided profits of the Partners. From this figure of net worth is deducted the total of non-active assets such as investments in real estate, furniture and fixtures, seats on exchanges, goodwill, etc. From the result is deducted deficits arising from deficiencies in market value of securities against debit balances, unsecured accounts, etc., then there is deducted any deficiencies in margin on clients' accounts and firm trading accounts. The result is, if positive, the amount of capital available to the firm after making allowance for all fixed assets, known deficiencies and shortages in margins; and if negative means that the firm is "leaning" on surplus margins of good clients to carry insufficient margins and deficiencies of poor clients.

I might say that these audits are carried out by appointees of the Exchange nominated by the brokers. The auditors report to the Exchange through the Exchange Auditor and are paid by the Exchange who in turn collect the fee from the individual brokers. It follows then that the legal responsibility of the auditor is to the exchange and not to the broker and no auditor can be unduly swayed in his judgment by the persuasions of the broker.

Where the Exchange Auditor upon receipt of the various statements feels that further capital is necessary or that any other recommendation should be made, he reports the circumstances to the Management Committee.

As a protection to each broker, the Exchange Auditor does not disclose the names of any firm of stockbrokers or their Balance Sheets other than by numbers unless it is obviously in the public interest to do so. In this way, knowledge of the state of affairs of each broker is not made known to all the members of the Committee and to other brokers.

### Non-Member Brokers

What I have said so far has covered generally any dealings you may have in a security listed on a stock exchange which dealings have been negotiated for you through a member broker of the same exchange. You may, however, have placed your orders with a broker not a member of that exchange and possibly not a member of any exchange. If this be the case, you may find an additional commission charged to you for the services rendered and also you are not necessarily protected by the by-laws of exchanges and their audit requirements which I have just indicated. Now there are all types of brokers and their integrity and usefulness to you in the matter of advice is measured simply by the integrity and honesty of the head of the firm. If you have already decided what security and how many shares you wish to buy and you intend to buy them outright you run little risk in dealing with any broker you may choose. The risk of loss in the security itself lies with you and the risk of losing your money by paying for the security before it is tendered to you for delivery is also yours. Should you wish advice as to the security in which to invest or should you wish to carry a margin account, I suggest that you should deal with a broker personally known to you or highly recommended to you, and one who is doing a brokerage business and not a general trading business of volume.

### "Bucket Shops" and "Boiler Shops"

You have read of "bucket shops" and "boiler shops" at various times and it may be of interest to you to learn how they operate. The former is one which is essentially suited to a margin account business. The feature is that the broker is willing to gamble against you no matter whether you decide to buy or sell. The order which you give to him is confirmed to you at the market price but no actual purchase or sale is made for you. Instead the broker takes a position opposite to yours. Many years ago when celluloid collars and cuffs were generally worn, the broker on the floor of the exchange would receive the order and decide whether he would execute it properly or whether he would "bucket" it. If the latter was decided upon he would make a memo on his cuff and from this practise the phrase "to cuff a transaction" originated. The vicious part of this practise was that the usual margin would be demanded from the client without any advance of funds being made by the broker. When the client chose to reverse the transaction the profit was paid to him in cash or more probably he was persuaded to buy some other stock. If there had been a loss indicated, the broker pocketed the amount of the margin which was necessary and he made a profit of the sum of the commissions for both buying and selling and the decline in value of the stock during the time elapsed between buying and selling orders.

"Boiler Shops" while discussed at some length recently in the press are not at all a new development. They crop up whenever money is cheap and continue until the operator is exposed and forced out of business.

This brings me back to the beginning of this address. The reason behind any bad practise ascribed to stockbrokers is the desire of the public to "get rich quick." A man in that frame of mind loses perspective. He does not examine into the soundness of the arguments put to him, he does not realize that it is much easier to keep money than to try and recover it. That is his own responsibility—but he should at least play the game where it is played under supervision and regulation and not in corner lots where there is no policeman to demand fair play.

## CHANGE OF ADDRESS

From October 15th, our Society headquarters address is changed to 50 Harbour St., Toronto. With this change, provision has been made for considerable growth, which we hope will come in the near future.

When, in 1927, it became necessary for the Canadian Society of Cost Accountants to establish a central office, to issue a monthly publication and to promote the work of the organization generally, the writer undertook this in conjunction with other similar work. The old office at 81 Victoria St., Toronto, served from 1927 to this year, but became overcrowded, however, and it also was advisable to move for other reasons. The new office at 50 Harbour St., Toronto, (in the Toronto Harbour Commission Building) is ideally situated for work of this kind, having adequate space for library, files and office equipment, and for committee meetings. Members and others interested are invited to visit us at any time.

W. A. McKague, General Secretary.

# Budgeting and Allocating Accident Costs

By ROBERT D. GRACEY
*Executive Secretary, Price, Waterhouse and Company, New York*

(Before the Greater New York Safety Conference, New York, March 6-7, 1934).

THERE is a safety-first rule in my office to which I endeavor to adhere strictly. I am indebted to that rule for the prevention of many an accidental slip of memory. It is simply—

"Make a clear, permanent record, date it,
and file it in the proper place."

As we proceed in the consideration of our subject I think we shall find that these several simple principles or points will have a helpful application.

I should like to state frankly at the outset that in making this address I shall deal mainly with the effect of accident expense as entering into the financial accounts and not as affecting any one department. Needless to say I quite appreciate the intense interest that a superintendent of a department properly takes in keeping his accident cost lower than the amount his department may be charged with in the company's budget. However, there may be certain practical difficulties to be overcome in many cases as regards reflecting detailed departmental figures in the general books or even in cost records, and it would, I feel, be unfair of me to make it appear by my remarks that the matter of arranging for precise distribution of accident costs is entirely a question of accounting theory.

I do not propose therefore to burden you with the technicalities of bookkeeping, nor with the mysteries of higher accounting. According to those who are responsible for my having the honor of addressing you this afternoon, my task is to discuss broadly the more important factors entering into budgeting and allocating accident costs. Moreover, I understand that I am expected to deal chiefly with accidents which would ordinarily be covered by compensation insurance.

**Budgeting**

The work of preparing the budget in respect of accident costs must, of course, be carried out as a part of the problem of preparing the entire financial budget. It will therefore be helpful at the outset to realize that the particular item we are to deal with is but one of many in the general budget.

Budgets are usually prepared by one of the financial officers of the corporation, perhaps most frequently by the comptroller. Whoever undertakes to prepare the budget must necessarily call upon the heads of the various departments to submit detailed data with regard to their respective departments.

Obviously the fluctuations in payrolls for operating departments will have a direct bearing upon the compensation insurance premium to be paid. This factor emphasizes the desirability of preparing a variable budget rather than one which is based on probable averages and will therefore be excessive in slack periods and inadequate in exceptionally busy periods, although possibly sufficient to cover closely requirements for the year as a whole. Anybody who has made an attempt at budgeting knows very well that a budget is worse than

useless which does not reasonably approximate actual income and outlay. In other words, fixed budgets may easily be misleading. Budgets should therefore be variable to meet changes in operating conditions.

In view of the important difference which exists in cases where companies are covered by compensation policies as compared with those in which they are self-insurers, it will be necessary, in order to save confusion to deal briefly with each of these classes of companies separately.

**Insured Under Compensation Policy**

With standard rates in effect, it is comparatively easy to determine in advance what the actual expenditure will be in respect of compensation insurance premiums, especially if the particular line of business involved is not subject to sudden abnormal peaks or partial shut-downs. The following specimen variable budget statement covering a mill department indicates one method of predetermining expenses which are subject to variation in accordance with the percentage of capacity at which the mill may be working. It is intended to cover a month's operation. (See Figure A.)

You may notice that in the specimen shown, the amounts provided in respect of compensation insurance premiums do not appear to bear a direct relationship to the amounts of payroll under the respective percentages of activity Actual amounts are, however, unimportant for our present purpose, the main point being to show the necessity for a variable amount of premiums when a plant is working at considerably more than normal capacity or the reverse. The fact that the amounts which happen to be used in the illustration are small does not affect the application of the principle, which may of course be applied as effectively where the payrolls run into hundred of thousands.

In certain departments, particularly the supervisory and clerical departments, the payroll remains more or less constant, irrespective of whether or not the operating departments are working at full capacity In the following chart, therefore (Figure B), the items of supervision and of firemen's wages remain constant and so also does the corresponding compensation insurance premium.

**If Self-insurer**

In instances where companies are self-insurers, the problem of anticipating accident expense is naturally quite different from cases in which the element of contingency is placed on the shoulders of an outside party.

Past experience must, of course, be largely depended upon in establishing a basis for determining what provision shall be made against accident expense. The operation of the law of averages is naturally limited in dealing with one line of business, let alone with an individual company. A trial and error method will therefore porbably have to be resorted to in arriving at a satisfactory rate in lieu of premiums to an outside carrier. I notice, for instance, that in a paper presented before the Quarry Section of the 1930 Safety Council at Pittsburg, Pa., Mr. W. E. Hilliard, General Manager of the New Haven Trap Rock Company, says:

"From time to time, we raised the rate we charged ourselves in our Company which was 2 per cent of our payroll in the beginning until we reached the rate of 5 per cent which was about what we were quoted by insurance companies if they were to get our business.

"At the end of fifteen years ending December 31, 1929, we had accumulated in our reserve account $74,900. This represents the amount left in the reserve after having deducted all the payments we

Figure A

MILL ALLOWANCES — VARIABLE BUDGET SHEET

Department #2

| Account Number | Account | Activity 20% | 30% | 40% | 50% | 57% | 60% | 70% | 80% | 90% | 100% | 110% |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 32 | Foreman | 65.00 | 65.00 | 65.00 | 80.00 | 91.00 | 95.00 | 110.00 | 125.00 | 145.00 | 156.00 | 175.00 |
| 33 | Indirect Labor | 65.00 | 70.00 | 74.50 | 79.50 | 83.33 | 84.50 | 89.50 | 94.50 | 99.00 | 104.17 | 108.17 |
| 40 | Power and Light | 26.00 | 38.00 | 50.00 | 61.50 | 70.83 | 70.83 | 85.00 | 96.50 | 108.00 | 120.83 | 132.00 |
| 42 | Gas | — | — | 7.00 | 15.00 | 20.83 | 23.00 | 30.50 | 38.50 | 46.00 | 54.16 | 62.00 |
| 43 | Compensation Insurance | 7.50 | 9.00 | 10.50 | 11.50 | 13.47 | 13.50 | 14.50 | 16.00 | 17.50 | 18.75 | 20.00 |
| 46 | Repairs and Equipment | 110.00 | 127.50 | 145.00 | 162.00 | 175.00 | 180.00 | 198.00 | 215.50 | 232.00 | 250.00 | 267.00 |
| 52 | Supplies | 22.00 | 28.50 | 35.50 | 42.00 | 46.66 | 48.00 | 55.00 | 61.50 | 68.00 | 75.00 | 81.00 |
| 54 | Depreciation | 315.83 | 315.83 | 315.83 | 315.83 | 315.83 | 315.83 | 315.83 | 315.83 | 315.83 | 315.83 | 315.83 |
| | Total Direct Expense | 611.33 | 653.83 | 703.33 | 767.33 | 816.95 | 830.66 | 898.33 | 963.33 | 1,031.33 | 1,094.74 | 1,161.00 |
| | Direct Labor | 500.00 | 750.00 | 1,000.00 | 1,260.00 | 1,366.00 | 1,480.00 | 1,660.00 | 1,840.00 | 2,020.00 | 2,192.00 | 2,300.00 |

Fig. 89.—Variable Budget Table for a Direct Department

Reproduced from "How to Budget for Profit",
by permission of the Publishers.

made on account of accidents. At first sight, it would appear that we had saved that amount of money in fifteen years by carryng our own compensation insurance. There are, however, a number of important offsets.

"Our figures may therefore be revised as follows:

| | | |
|---|---|---|
| Present Reserve, After 15 Years | | $ 74,900 |
| Less | | |
| 12% More Than Insurance Premiums Might Have Cost | $ 9,000 | |
| Claims Now Running To Be Paid In the Future | 9,000 | |
| Extra Income Taxes Paid | 9,000 | |
| Administration and Clerical Labor | 3,000 | |
| | $ 44,900 | |

I am not undertaking to pass on the possible adequacy or otherwise of Mr. Hilliard's reserve of $75,000. Needless to say the more subject a particular line of business may be to catastrophies which might be fatal to a number of employees at one time, the more liberal the balance in the reserve account should be.

Assuming that an adequate initial reserve has already been set up on the general books of the company and that monthly rates to provide for future contributions to such reserve have been established, it will then be necessary to make periodical comparisons between actual accident costs, by departments, so as to maintain or gradually increase the reserve. If, on the other hand, it is found that the reserve is steadily increasing beyond an amount which careful study would indicate to be a reasonable maximum, a downward revision of the monthly rates should be effected. Here will lie the importance of having an accurate analysis of charges against the reserve, by departments.

Certain companies carry their own insurance up to a given maximum, beyond which, at relatively nominal rates, they are insured by outside companies. In such cases, a combination of the two methods of determining the budget figure for accident costs will necessarily be employed.

### Allocating Accident Costs

There are infinite details which one is tempted to go into by way of indicating the processes of distributing compensation insurance premiums. To a large extent this is the field of the cost accountant and his method of distribution might not be exactly the same in any two businesses. At the risk of being tedious I may repeat that our present consideration is, what it is practicable to do in the wap of allocating accident costs, rather than what particular bookkeeping means should be adopted to arrive at the desired information.

We may accept it as fundamental that so far as may be practical, all classes of expense, accident expenses included, should be allocated to the particular department by which, or on behalf of which, they have been incurred. By the same token, offsetting credits should be similarly applied to respective departments, etc. Whether a company carries its own insurance or is covered by a compensation policy does not seriously alter the problem of allocation, the charges to departments being in one case the respective rate established by the company as a contribution to its insurance reserve and, in the other case, a rate payable to an insurance company.

Incidentally, in the course of preparing this address, the idea struck me of making a collection of the published accounts of the companies whose representatives are among the speakers listed on the conference program. I was able to obtain copies of the annual accounts of about ten of the companies in question only to find that

Figure B.

VARIABLE BUDGET

General Prorated Expense

| Account | Account Number | 20% | 30% | 40% | 50% | 60% | 70% | 80% | 90% | 100% | 110% |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Supervision | 32 | 260.00 | 260.00 | 260.00 | 260.00 | 260.00 | 260.00 | 260.00 | 260.00 | 260.00 | 260.00 |
| Firemen | 33 | 138.67 | 138.67 | 138.67 | 138.67 | 138.67 | 138.67 | 138.67 | 138.67 | 138.67 | 138.67 |
| Stationery | 36 | 10.00 | 12.00 | 14.00 | 14.00 | 18.00 | 18.00 | 19.00 | 20.00 | 21.49 | 23.00 |
| Telephone | 37 | 10.17 | 10.17 | 10.17 | 10.17 | 10.17 | 10.17 | 10.17 | 10.17 | 10.17 | 10.17 |
| Power and Light | 40 | 75.00 | 90.00 | 95.00 | 95.00 | 100.00 | 100.00 | 105.00 | 110.00 | 116.67 | 120.00 |
| Coal | 41 | 360.00 | 375.00 | 400.00 | 460.00 | 500.00 | 525.00 | 550.00 | 575.00 | 600.00 | 630.00 |
| Compensation Insurance | 43 | 1.18 | 1.18 | 1.18 | 1.18 | 1.18 | 1.18 | 1.18 | 1.18 | 1.18 | 1.18 |
| Repairs to Heat Plant | 46 | 28.00 | 30.00 | 32.00 | 32.00 | 38.00 | 39.00 | 39.00 | 40.00 | 45.83 | 47.00 |
| Repairs to Refrig. Plant | 46 | 120.00 | 140.00 | 155.00 | 170.00 | 180.00 | 190.00 | 200.00 | 210.00 | 221.36 | 221.36 |
| Depreciation Equipment | 49 | 54.41 | 54.41 | 54.41 | 54.41 | 54.41 | 54.41 | 54.41 | 54.41 | 54.41 | 54.41 |
| Supplies for Heat Plant | 52 | 130.00 | 155.00 | 170.00 | 180.00 | 190.00 | 195.00 | 200.00 | 220.00 | 233.39 | 245.00 |
| Supp. for Refrigeration | 52 | 170.00 | 180.00 | 180.00 | 190.00 | 200.00 | 205.00 | 210.00 | 215.00 | 221.60 | 230.00 |
| Public Liability Insurance | 54 | 41.58 | 41.58 | 41.58 | 41.58 | 41.58 | 41.58 | 41.58 | 41.58 | 41.58 | 41.58 |
| Incoming Freight | 55 | 100.00 | 125.00 | 150.00 | 180.00 | 215.00 | 245.00 | 275.00 | 310.00 | 333.34 | 360.00 |
| Rental Charges | | 1,821.00 | 1,821.00 | 1,821.00 | 1,821.00 | 1,821.00 | 1,821.00 | 1,821.00 | 1,821.00 | 1,821.00 | 1,821.00 |
| Total | | 3,320.01 | 3,434.01 | 3,523.01 | 3,648.01 | 3,768.01 | 3,844.01 | 3,925.01 | 4,027.01 | 4,120.75 | 4,203.37 |
| Basis of Variance: Direct Labor | | 1,580.00 | 2,390.00 | 3,180.00 | 3,980.00 | 4,680.00 | 5,250.00 | 5,820.00 | 6,400.00 | 6,949.00 | 7,320.00 |

Fig. 90.—Variable Budget Table for General Prorated Expense

Reproduced from "How to Budget for Profit",
by permission of the Publishers.

in not a single case did the cost of accidents appear as a separate item among the expenses. I finally came upon some material which yielded somewhat better success, although the relative size of the amounts involved (as compare with the volume of sales) emphasizes to my mind what seems to be a major difficulty with regard to the precise distribution of accident costs except in the case of large hazardous business—namely, their comparative smallness. Perhaps I should have made further research to find accounts of some more highly hazardous lines of business, but it is not likely that all of you gentlemen are connected with concerns whose compensation insurance costs run into proportionately large figures, so that my specimen cases may be of some interest.

Take now the following specimen profit and loss account of a paint company (name of company fictitious) in which the amounts are actual so far as the relation to one another is concerned (Figure C) —

Figure C
**STAYBRIGHT PAINT WORKS, INC.**
**STATEMENT OF PROFIT AND LOSS**
**For the Year Ending December 31, 1933**

| | | | |
|---|---|---|---|
| Sales, less discounts | | | $633,142.86 |
| Cost of sales:— | | | |
| Inventory at December 31, 1932 | | $192,348.43 | |
| Purchases | | 331,403.14 | |
| | | $523,751.57 | |
| Deduct—Inventory at December 31, 1933 | | 133,216.45 | |
| Cost of materials used | | $390,535.12 | |
| Factory expenses: | | | |
| Wages | | 53,764.37 | |
| Provision for depreciation— | | | |
| Buildings | $13,375.44 | | |
| Equipment | 7,425.33 | | |
| Power plant | 214.57 | | |
| Electric power plant | 1,105.18 | | |
| Electrical equipment | 3,148.61 | | |
| Laboratory equipment | 547.22 | | |
| | | 25,816.35 | |
| Insurance | | | |
| Workmen's Compensation | $ 2,183.91 | | |
| Fire and auto | 14,733.34 | | |
| | | 16,917.25 | |
| Gas, electricity, etc. | | 11,279.70 | |
| Repairs | | 1,242.26 | |
| | | | 499,555.06 |
| Gross profit | | | $133,587.81 |
| Income from royalties | | | 5,894.91 |
| Gross profit and other income | | | $139,482.72 |
| Selling, administrative and general expenses: | | | |
| Salaries | | $ 63,804.06 | |
| Officers' salaries | | 37,440.15 | |
| Bad debts, less recoveries | | 27,654.38 | |
| Freight and trucking outward | | 20,007.69 | |
| Traveling | | 15,535.14 | |
| Commissions | | 12,946.43 | |
| Taxes | | 12,656.60 | |

| | | |
|---|---|---|
| Advertising | 7,888.31 | |
| Professional fees | 5,650.41 | |
| Automobile depreciation | 5,441.31 | |
| Automobile expenses | 4,978.16 | |
| General expenses | 4,740.67* | |
| Telephone and telegraph | 3,467.25 | |
| Depreciation of furniture | 1,105.21 | |
| | | 223,315.77 |
| Operating loss | | $ 83,833.06 |
| Add—Interest paid | | 8,806.03 |
| Net loss for the year | | $ 92,639.08 |

*Includes compensation premiums covering salesmen and clerical staff.

Here the factory compensation insurance figure of $2,183.91 was buried in an insurance account chiefly representing fire and automobile insurance. In my statement I have set out the compensation item separately. On the other hand I have not made an analysis of the general expense total of $4,740.67 to determine the amount of the premium included therein in respect of salesmen and office staff.

The profit and loss account marked Figure D (name fictitious) shows a somewhat similar situation to that of the paint company. Here again the original statement showed one amount for all kinds of factory insurance.

Figure D

**TEXTILE SPECIALTY COMPANY**
**STATEMENT OF PROFIT AND LOSS**
**For the Fiscal Year Ending February 28, 1934**

| | | | |
|---|---|---|---|
| Net sales | | | $1,274,918.69 |
| **Deduct:—** | | | |
| Factory expenses: | | | |
| Wages | | $300,402.17 | |
| Chemicals | | 143,411.41 | |
| Cartage | | 111,172.07 | |
| Rent | | 74,406.29 | |
| Fuel | | 30,398.98 | |
| Laboratory | | 27,647.20 | |
| Insurance— | | | |
| Fire, etc. | $12,443.71 | | |
| Workmen's Compensation | 5,983.00 | | |
| Public liability | 243.31 | | |
| | | 18,670.02 | |
| Supplies, parts, etc. | | 18,431.05 | |
| Power and light | | 16,411.21 | |
| Merchandise and allowance | | 8,495.08 | |
| Repairs | | 7,315.06 | |
| Wrapping paper and twine | | 4,343.26 | |
| Taxes and water rents | | 2,212.51 | |
| Freight and express | | 1,386.83 | |
| Depreciation of machinery | | 706.86 | |
| | | $765,410.00 | |
| Commissions | | 52,631.44 | |
| | | | 818,041.44 |
| Gross profit | | | $ 456,877.25 |

| | | |
|---|---|---|
| Selling expenses: | | |
| Salesmen's salaries | $ 88,894.83 | |
| Advertising | 53,592.96 | |
| Silk labels | 35,319.52 | |
| Traveling | 8,312.64 | |
| Salesmen's commissions | 247.27 | |
| | | 186,367.22 |
| | | $ 270,510.03 |
| Administrative and general expenses: | | |
| Salaries and bonuses | $147,304.39 | |
| Bad debts | 31,467.15 | |
| Legal and auditing | 8,525.00 | |
| Telephone | 7,094.20 | |
| Office rent—as apportioned | 5,890.00 | |
| Printing and stationery | 5,128.49 | |
| Carfare and Postage | 4,896.92 | |
| Depreciation of office furniture and fixtures | 3,946.30 | |
| Directors' Fees | 930.00 | |
| Miscellaneous | 9,726.72* | |
| | | 224,909.17 |
| Operating profit for the year | | $ 45,600.86 |
| Add—Other income—interest and purchase discounts | | 6,737.63 |
| Net profit before deducting charges as under | | $ 52,338.49 |
| Deduct—Provision for Federal income tax | | 2,830.32 |
| Net profit for the year | | $ 49,508.17 |

*Includes compensation premiums covering salesmen and clerical staff.

In passing it may be pointed out that in the foregoing statement the premium covering salesmen and clerical staff is buried in the miscellaneous figure of $9,700 under administrative and general expenses. Strictly speaking, an amount of approximately $500 should have been included among the selling expenses, as representing the premiums covering salesmen.

You will note that the workmen's compensation premiums under the head of factory expenses are somewhat less than ½ of 1% of the total sales for the year. It would be difficult in some cases to persuade the management that an item of this size should be prorated strictly among departments. Nevertheless the particulars could be obtained from the company's detailed records or files, and from a bookkeeping standpoint there is no reason why each department head could not get accurate information as to the accident costs of his respective department. The saying that "What is everybody's business, is nobody's business" would no doubt well apply to a situation where accident expenses for all departments are thrown into one common pot. Incentive to effect savings is afforded by comparisons, whether it be comparisons between budget and actual figures or between actual expenses of one period or department with those of another period or department.

Unless the company's comptroller or chief accountant, or other accounting officer is particularly interested in accident prevention work it is unlikely that he will take the initiative in giving special treatment in the accounts of compensation insurance costs. This need not necessarily prevent the insurance manager or safety engineer from arranging for full information regarding accident costs being furnished to him in respect of each department, so that each department

may be advised of increases or decreases in their respective rates. As a matter of fact a statement covering only accident costs, analyzed by departments, would in most cases be more impressive from the standpoint of the insurance manager or safety engineer than departmental profit and loss or cost statements covering items of all classes.

Unfair as it may seem, it is no less a fact that the better the work done in reducing accident costs, the less importance such costs will assume in the financial accounts. I judge, therefore, that the position of you gentlemen is something akin to that of Chinese doctors who, I understand, earn their living on the basis of keeping their "patients" well, not by attending them when trouble arises.

Here let me quote from an article in the Proceedings of the Eighteenth Annual Meeting of the International Association of Industrial Accident Boards and Commissions held at Richmond, Va., October 5-8 1931:

> "To illustrate, an excellent showing in accident-prevention has recently been made by a metal manufacturing company which has a payroll of slightly more than $650,000 a year. In five years this company was able through well-organized safety work to reduce its compensation insurance premium from $1.17 per hundred dollars of payroll to $0.48. This reduction of $0.69 meant a saving of $4,485 per year on the $650,000 payroll. Although this saving of practically $4,500 is worthy of consideration in any organization, it was relatively very small in comparison with the company's total business. According to the 1925 Census of Manufactures, labor costs are approximately 40 per cent of that value which is added to raw commodities by manufacturing processes. Applying this percentage, we find that the value added by manufacture in the case of the metal company amounted to practically $1,625,000. The $4,500 annual saving resulting from the 5-year safety activities was 0.28 per cent, or practically one-fourth of 1 per cent of this figure."

Obviously it is going to be different to persuade a busy comptroller of a moderate sized company that this system of accounts should be geared so fine as to reflect savings of one-fourth of one per cent of a year's net profits, which might well be only one fortieth of one per cent of the year's sales, although he and his fellow officers might be keenly interested in taking advantage of any possible reduction in their compensation insurance rate.

Turning now to what is being done by some of the very large industrial companies with regard to the distribution of accident costs we find that our inquiry may well change from "what can be done about it" to "what is being done." The following form (Figure E) which is practically identical with one in actual use by a large industrial company, furnishes, I believe, an excellent illustration of what is being done in the way of allocating accident costs:

It will be noted that there is no attempt to reflect on this statement such incidental expenses as time indirectly lost by employees and others as a result of accidents to fellow employees, time spent in investigating accidents and making reports, decrease in production due to inexperience of new employee who is replacing or substituting for an injured employee, and so forth. I understand, on the other hand, that it has been determined by careful study that such indirect costs probably amount to four times the direct costs of accidents but it is quite impracticable if not impossible to reflect such items in financial accounts. There is, however, on this statement provision for an illuminating analysis of direct costs, which particularly in the case of companies which are wholly or largely self-insurers, estab-

## Figure E

........................................Company

FOR MONTH ENDING..............................193.......

### CASUALTY EXPENDITURES

| Acct Numbers | | Month | Total this year to date |
|---|---|---|---|
| | Personal Injury Settlements on Account of Employes or Their Estates (Charges in Books against A. & H. Fund Account Settlements) | ...... .... | ...... .... |
| | Transportation and Funeral Expenses | ...... .... | ...... .... |
| | Artificial Limbs, Eyes, Trusses, etc. | ...... .... | ...... .... |
| | Occupational Diseases | ...... .... | ...... .... |
| | Judgments Paid (No. Month........Year to Date....) | ...... .... | ...... .... |
| | Suits Brought (No. Month........Year to Date....) | ...... .... | ...... .... |
| | Total Casualty Payments | ...... .... | ...... .... |
| | Company Hospitals and Emergency Rooms | ...... .... | ...... .... |
| | Public Hospitals and Fees, etc. of Outside Surgeons | ...... .... | ...... .... |
| | Total Amount Paid to or for Injured Employes | ...... .... | ...... .... |
| | Payments for Injuries to Those Other than Employes | ...... .... | ...... .... |
| | Casualty Department Expenses | ...... .... | ...... .... |
| | Legal Expenses | ...... .... | ...... .... |
| | Payments to States as Required by Compensation Laws | ...... .... | ...... .... |
| | Employer's Liability Insurance Premiums | ...... .... | ...... .... |
| | Boiler Insurance (Only that proportion of premium covering personal injury) | ...... .... | ...... .... |
| | Grand Total Casualty | ...... .... | ...... .... |
| | Grand Total Casualty Expenditures During Same Period Last Year | ...... .... | ...... .... |

### SAFETY EXPENDITURES

| | | Month | Total this year to date |
|---|---|---|---|
| | New Work. | | |
| | Expenditures for new or/and improved protective features at or on existing machinery, etc | ...... .... | ...... .... |
| | Expenditures for protective facilities in connection with new construction re-building of plant units. etc., but excluding such facilities installed as an integral or "built in" part of regular operating equipment | ...... .... | ...... .... |
| | Renewals and Replacements | ...... .... | ...... .... |
| | All Other Expenses | ...... .... | ...... .... |
| | Grand Total Safety Expenditures | ...... .... | ...... .... |
| | Grand Total Safety Expenditures During Same Period Last Year | ...... .... | ...... .... |

### PERSONAL INJURY SETTLEMENTS ON ACCOUNT OF EMPLOYES OR THEIR ESTATES

| Number of Settlements | | Actual Cash Payments to Employes Account Settlements | | Charges in Books Against A. & H. Fund Account Settlements | |
|---|---|---|---|---|---|
| Month | This Year to Date | Month | This Year to Date | Month | This Year to Date |

lishes an invaluable historical record.

Particular attention may be called to the segregation in the first section as between casualty payments to employees, payment in respect of others than employees, casualty departments' expenses, legal expenses and so forth. Provision is also made for a comparison with the total casualty expenditures during the corresponding period of the previous year. In another section of the original from which this form has been adapted, a full page is devoted to statistical information regarding the number and classification of accidents, number of employees engaged in company hospitals, first-aid corps and safety departments.

With regard to the section provided for safety expenditures, I have been particularly interested in noticing that provision is made for the cost of safety devises. The question could be raised here as to whether it would be entirely fair in a small organization to burden one month's operations with the cost of installing a relatively expensive guard or other safety devise. On the theory that operations are not usually charged with the entire cost of a piece of new machinery representing a capital expenditure during the month or year in which it is purchased, there is undoubtedly good argument in favor of prorating the cost of safety devises either by way of depreciation or amortization rates based on the probable life of the devise itself (or that of the machine to which it is attached) or to charge such purchases, in the case of self-insurers, against the accident insurance reserve. The latter procedure would, of course, mean that the monthly rate charged to each department in respect of provision for accidents would have to be high enough to provide for occasional acquisitions of additional or renewal safety devises.

The last section of the form we are considering provides for comparison of settlements on two bases; namely, actual cash payments and as charged on the general books. It may be pointed out that since practically all the larger companies now keep their records on a so-called accrual basis, a statement made on a strictly cash basis might vary considerably from one prepared on an accrual basis. For instance, on an accrual basis as soon as the amount of liability would be set up by a self-insurer and a corresponding charge would be made against its insurance reserve, but the cash payments against such liability might extend over a period of ten years or more.

Our discussion may be summed up by reminding you of what was indicated at the outset regarding the importance of having:-

Clear, permanent records;

Records which recognize the element of time (i. e. prorate expenses over the periods to which such expenses apply); and

Records in which information is accurately classified, so that the facts they represent will be reflected in the account or statement or section of a statement where they will be most informative.

After all I have said I fear at least some of you will be disappointed that my remarks have not been more directly applicable to the particular circumstances with which you are confronted. I may explain by way of apology for my shortcomings that my reference to books and magazines which were recommended to me yielded practically nothing directly connected with my line of inquiry. Happily, however, I had the good fortune to get in touch with one or two authorities among safety engineers. These gentlemen generously placed their personal store of information at my disposal and it is to them, therefore, you will really be indebted if anything I have said or shown you this afternoon proves helpful in connection with your accounting problems.

# Dominion Companies Act

Professor R. R. Thompson of McGill University sends the following list of matters of primary importance to accountants in the Dominion Companies Act, numbered according to its sections. "It was prepared," he states, "for the purpose of planning our evening course lectures in Accounting, and of course does not deal with many matters which are of interest to accountants but which are primarily legal matters."

| Section | Sub-sec. | |
|---|---|---|
| 3 | a | Accounts Receivable do not include capital not paid in. |
| 12 | 1 | Different classes of shares. |
| 12 | 2/4 | Authorized Capital, B. Sheet, etc. |
| 12 | 3 | N.P.V. Shares with preference as to capital or with right of redemption forbidden. |
| 12 | 7/9 | N.P.V. Shares, 25%. |
| | | Consideration to Distributable Surplus. |
| | | Also made retrospective. |
| | | **Note** Sec. 9, subsec. 6 and 7 of 1927 Act, dealing with commencement of business apparently have been dropped entirely. |
| | | **Note:** Sec. 71 of 1927 Act, requiring 10% on allotted shares to be paid in within one year has been dropped entirely. |
| 14 | 1(u) | Dividends in Kind. |
| 15 | | Loans to shareholders & directors. |
| 16 | | Commissions on Subscriptions. |
| 28 | | Forfeiture of Charter. |
| 29 | | Surrender of Charter. |
| 30 | | Dissolution of Company, liability of shareholders to creditors for returned assets. |
| 37 | | Transfer of shares whereof whole amount not paid can be made with directors' consent. |
| | | **Note:** apparently Sec. 79 of 1927) |
| | | (Act has been dropped, and shares may now be transferred, even though **all previous calls** are not fully paid in. See Sec. 27 (4) and Sec. 41 of new Act and in Part III of New Act, Sec. 165. |
| 41&43 | | Calls in arrear and forfeiture of shares. |
| 42 | | Calls in advance. |
| 45 | | Liabilities on shares. |
| 48 | | Alteration of Share Capital. |
| 49 | | Reduction |
| 51 | | Reduction of Share Capital and creditors. |
| 59 | | Creation of preferred shares. etc. |
| 61 | | When redemption of preferred shares not a reduction of paid-up capital. |
| | | Surplus resulting from redemption of preferred shares is a capital surplus, and it is not to be distributed by company unless rights of creditors safeguarded (See Secs. 49 to 58). |
| 63 | | Borrowing Powers. |
| 65 | | Re-issue of debentures. |
| 70 | | Register of Mortgages, etc. (also Sec. 66, subsec. 9). |
| 66 | 9 | Copies of Instruments creating |
| 71 | 1/2 | Mortgages to be kept by Company. |
| 77 | 1 | Requirements for Prospectus, especially (h), (k), (v). |
| 77 | 3 | Requirements for Prospectus (a) Date & Contents of |

Balance Sheet, etc.
(a) (b) Mention of Consolidated B/Sheet and Subsidiaries.
(b) Report on Profits & Losses.
(c) Report on Profits & Losses.
**Note:** Requirements for B/Sheet throw much responsibility on Auditors, especially iii & iv.
Mention of Non-Recurring Profits.
Mention of Unrealized Profits.
Income Tax to be provided for.

83 1, 6&7 No Dividend of company insolvent, etc.
3 Stock Dividends.
4&5 Dividends from Mining Corp. & Corp. with 75% assets of wasting character.
6&8 Directors' discretion and liability regarding dividends.

92
96 Directors' Liability for 6 months wages.
103 Statutory Books (Charter, Stock, Ledgers, etc.).
104 do (Register of Transfers).
106 do (Minute Book).
111 do (Books of Account).
(See also sec. 66.9 & rec. 70 and sec. 71)

112 1 Balance Sheet for Annual Meeting.
Income & Exp. Statement for Annual Meeting.
Surplus Statement do
Different kinds of Surplus.
Auditor's Report.
Further Information.

112 2 Details of Balance Sheet.
**Note**: Following are new items and do not appear in Quebec requirements:—
(d), (f) Basis of Valuation now required.
(g) Loans to employers.
(i) Liability for taxes.
(j) Description of reedeemable preferred shares required.
(m) N.P.V. Stock; Capital.
(n) N.P.V. Stock, Distributable Surplus.
(o) Loans to trustees for purchase of shares.
**Note 2.** Shares are dealt with entirely in one sub-sec. (j) and not two as previously.
**Note 3.** Goodwill, etc. is dealt witd specially under 112.3 (c) and if it is not ascertainable as a separate item will not be shown separately.
**Note 4.** Secured debts are dealt with under Sec. 11, sub-sec. 4
**Note 5.** Requirements (m) & (n) not necessary under Quebec Act because whole of consideration for N.P.V. shares is capital.
(See Quebec Act. Sec. B. 7; Amyot's numbering.)

112 3 Stated separately; Expenses.
Expenses for issue of share capital or debentures, Goodwill, etc.
4 Secured Debts.
5 Holding Company & Subsidiaries; Loans; Consolidated Balance Sheet.

113 Statement of Income & Expenditure.
1/2 Remuneration of Directors.
3 Details required.

114 Statement of Income and Expenditure & Surplus; Holding Company & Subsidiaries.
1 (1) Consolidated statements.
2 (2) No consolidated statements—treatment of profits & losses of subsidiaries.
3 Auditor's position if losses not provided for.
4 Qualified report of auditor on Balance Sheet of Subsidiary.
5 Date of closing of accounts of subsidiary.
6 Directors unable to obtain information.
115 Definition of Subsidiary.
116 Balance Sheet to be signed by 2 directors and auditor's report to be attached, etc.
117 Copies of financial statements to shareholders & debentureholders.
118 1/7 Appointment of auditor.
120 1 Auditor's report.
**Note:** Auditor's right to attend meetings.
122 etc. Arrangements & Compromises.
(Sec. 124, subsec. 1, 2, 3, important)
125 All books required by 1st part of Act are Evidence.

Part II of Act: Companies without share Capital and not for profit. If time allows, mention this part and refer to Sec. 143 showing what sections apply.

**Note:** Statutory books including proper books of account are required Sec. 119, providing that certain persons are not eligible as auditors, appies, but it is not mentioned that Sec. 118 requiring the appointment of auditors, does apply.

Part III of Act. Companies incorporated under Special Act.

See: Sec. 156 & 184 Directors' powers re dividends.
Sec. 160/164 Special Act will invariably prescribe regarding allotment of shares, etc.
Sec. 165 No share transferable if calls in arrear, etc.
Sec. 166 Usual books re—share capital, transfers, shareholders, directors required.
Sec. 186/8 Directors' liabilities re—loans, bills, wages.
Sec. 189 Loans to shareholders.
Sec. 190 Purchase of shares of other companies.
Sec. 197 Statutory Books are evidence.

# TARIFF and TAXATION

## DEPARTMENT OF NATIONAL REVENUE

Ottawa, October 16, 1934.

**United Kingdom Excise Duties and Export Drawbacks in Connection with Artificial Silk and Export Drawbacks in Connection with Silk**

EXCISE DUTIES

| | Per lb. s. d. |
|---|---|
| Artificial Silk: | |
| Single yarn or straw manufactured in the United Kingdom .... | 6 |
| Waste manufactured in the United Kingdom ............ .... | 3 |

Above rates in force on and after 2nd July, 1934.

Silk:

Excise duties are not payable in the United Kingdom on silk. Therefore, no exemption allowance may be made in estimating the value for special duty purposes.

EXPORT DRAWBACKS

The following rates aplpy to articles produced in Great Britain or Northern Ireland from duty, Customs or Excise, paid material.

Aritficial Silk:

| | Rate of Drawback s. | d. | Date of Coming in Force |
|---|---|---|---|
| Waste, prepared for spinning, including tops | .... | 3 | 1st Nov., 1934 |
| Single yarn made from staple fibre or other waste | .... | 4½ | 1st Oct., 1934 |
| Doubled or twisted thread advanced beyond the state of single yarn— | | | |
| If made from staple fibre or other waste | .... | 5 | 1st Oct., 1934 |
| In any other case | .... | 9½ | 20th Aug.,1934 |
| Tissues made from staple fibre or other waste | .... | 6 | 1st Dec., 1934 |
| Tissues proved to the satisfaction of the Commissioners to be made from other forms of artificial silk | 1 | 0 | 1st Dec., 1934 |

The existing rates of drawback on artificial silk tissues which are to be replaced by the above rates on the 1st December, 1934, are as follows:

| | Per lb. s. | d. |
|---|---|---|
| Tissues made from staple fibre or other waste | .... | 11 |
| Tissues proved to the satisfaction of the Commissioners to be made from other forms of artifivial silk | 1 | 9 |

Silk:

| | Drawback Rate of s. | d. | Date of Force Coming in |
|---|---|---|---|
| Waste, dressed or otherwise prepared for for spinning— | | | |
| Wholly discharged | 1 | 6 | |
| Not wholly dischdaged | .... | 6 | |
| Noils | .... | 6 | |
| Noil yarn | .... | 9 | 1st Oct., 1934 |
| Thrown yarn— | | | |
| Not wholly discharged | 2 | 0 | |
| Thrown yarn adn spun yarn— | | | |
| Wholly discharged | 2 | 6 | |
| Tissues— | | | |
| Eastern tissues of the varieties known as Shantung, Ninghai, Nanshan, Honan, Antung and Habutai.... | | | |
| If dyed or printed in the United Kingdom and produced from tissues of these varieties importe not dyed or printed | 5 | 6 | |
| Noil tissue | .... | 10 | |
| Ohetr tissues— | | | |
| Not wholly discharged | 2 | 3 | |
| Wholly discharged— | | | |
| If proved to the satisfaction of the Commissioners to have been produc- | | | |

| | | | |
|---|---|---|---|
| ed from imported undischarged tissue (other than bolting cloth)— | | | |
| Where the value of the undischarged tissue at importation was not more than 9s. the pound | 5 | 0 | 1st Jan., 1935 |
| Where the value of the undischarged tissue at importation was more than 9s. and not more than 14s. the pound | 6 | 6 | |
| Where the value of the undischarged tissue at importation was more than 14s. the pound | 8 | 6 | |
| In any other case | 3 | 0 | |

The existing rates of drwaback on silk tissues, other than Eastern tissues, which are to be replaced by the above rates on the 1st January, 1934, are as follows:

| | Per lb. s. | d. |
|---|---|---|
| Not wholly discharged | 4 | 3 |
| Wholly discharged— | | |
| If proved to the satisfaction of the Commissioners to have been produced from imported undischarged tissue | 7 | 9 |
| Noil tissue | 1 | 7 |
| In any other case | 5 | 6 |

On the above goods, described for the purpose of export drawback by the United Kingdom Commissioners of Customs and Excise as Class 1 the rates of drawback shown are payable whether the duty on the material from which the articles are made was paid at the full Customs, the preferential Customs, or the Excise rate.

Where the yarns or tissues are made of silk or artificial silk mixed with each other, or with other textile fibres, the drawback on export is payable on the weight of silk or artificial silk in them.

INSTRUCTIONS

The whole amount of the export drawback applicable must be included in the value for regular duty purposes.

In the cases of invoices of such goods not showing differences between the values in the two columns corresponding to the export drawback rates, entry is to be accepted only subject to amendment and such invoices are to be forwarded to the Department for instructions.

The amount of the Excise duties paid on artificial silk may be disregarded in estimating the market value of goods wholly or in part of artificial silk for the purposes of special duty when same are entitled to entry under the British Preferential Tariff.

The following form of certificate may be suggested to importers for use in this latter case:

"The rate of Excise Duty paid was ............ per pound. the equivalent (total amount) is included in the fair market value."

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**Departmental Ruling**

Fleshing machines for use by tanners are of a class or kind not manufactured in Canada and are admissible under tariff item 420 when imported and used in accordance with the provisions of this tariff item.

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Ottawa, 2nd October, 1934.

**Supplement No. 1 to Appraisers' Bulletin No. 3771**

The Minister of National Revenue has authorized amendment of Appraisers' Bulletin No. 3771, by striking out the clause reading as follows:

"Children's dresses, wash suits and pyjamas—$8.00 per dozen" and substituting thereof the following:

Children's dresses, wash suits and pyjamas, when entered under the General Tariff ................................ $8.00 per dozen.

Children's dresses, wash suits and pyjamas, when entered under the British Preferential or Intermediate Tariffs:

Sizes over 4 years ....................$8.00 per dozen

Sizes 4 years and under ...............$4.50 per dozen

The above amendment is to be effective 1st October, 1934.

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Ottawa, 2nd October, 1934.

**Supplement No. 2 to Appraisers' Bulletin No. 4150**

ACIDS AND CHEMICALS

In connection with the administration of Tariff Items 216 and 208 the following chemicals and acids should be added to list as given in Appraisers' Bulletin No. 4150 as made in Canada:

Sodium Phosphate tri-basic (commercial grade).

Sodium Phosphate di-basic (all grades).

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Ottawa, 4th October, 1934.

**RE UNION OF SOUTH AFRICA TRADE AGREEMENT ACT, 1932**

(1)By Order in Council, (P.C. 2431), passed on the 2nd October, 1934, under the authority of Section 11 of the Customs Tariff, the products of the Union of South Africa hereinafter listed, when imported direct from the Union of South Africa into Canada, shall, effective the 1st day of October, 1934, enjoy the tariff treatment hereunder indicated.

| Number of Canadian Customs Tariff | Product | Tariff Treatment |
|---|---|---|
| Ex. 164 | (a) Wines of the fresh grape of all kinds, except sparkling wines, imported in barrels or in bottles, containing less than 35 p.c. proof spirit .................. | per gallon 20 cts. |
| | (b) Wines of all kinds, except sparkling wines, imported in barrels or in bottles, containing 35 p.c. or over, but not more than 40 p.c. of proof spirits ........ | per gallon 40 cts. |

(2) This will apply to the goods listed herein imported or taken out of warehouse for consumption on and after the 1st of October, 1934, and also to goods previously imported for which no entry for consumption was made before that date.

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Ottawa, 15th October, 1934.

TARIFF CHANGE BY ORDER IN COUNCIL

By Order in Council (P.C. 2474), dated 11th October, 1934, the following regulation was established under the authority of Section 284, paraghaph (m) of the Customs Act, effective on and after the 16th October, 1934, the date of publication in the Canada Gazette:

**Regulation**

"The goods enumerated in the following item shall be subject to the several rates of duties of Customs, if any, set opposite each item, that is to say:-

Butyl Alcohol, until December 31, 1934.

British Preferential Tariff ........................ Free

Intermediate Tariff .............................. Free

General Tariff ................................... Free

(To be designated as Tariff Item No. 820)".

Ottawa, 17th October, 1934.

## MARKING OF IMPORTED GOODS

Referring to Memorandum No. 9-A and Supplements thereto, you are advised that by Order in Council passed on the 11th October, 1934, (P.C. 2505), the following classes or descriptions of goods are added to the list of articles required to be marked with an indication of the country of origin on importation into Canada, under Section 16 of the Customs Tariff, effective from and after the first day of January, 1935:

10. Razor Blades (safety type).
Razor blades may be marked by means of etching or die stamping.

11. Boots, shoes and slippers.
Boots, shoes and slippers may be marked on one or both of each pair.

12. Paper envelopes.
Paper envelopes are required to be marked on each envelope.

13. Chinaware and porcelainware (not including sanitary or toiletware), decorated or undecorated, as follows:
(i) articles commonly used in connection with the serving of food or drink;
(ii) kitchenware and utensils;
(iii) heraldic and souvenir ware.

Chinaware and porcelainware must be marked on each piece. Adhesive labels or stickers containing the required marking will not be acceptable, except that chinaware or porcelainware unmarked or insufficiently marked at the time of importation may be delivered after having been marked by means of adhesive labels or stickers, and after the required payment of 10% additional duty has been made.

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Ottawa, 3rd October, 1934.

**Supplement No. 3 to Appraisers' Bulletin No. 4230**

The Honourable the Minister of National Revenue has ordered that the fixed valuation for duty purposes on Plums and Prunes set forth in Appraisers' Bulletin No. 4230, applicable to points in MANITOBA AND WEST THEREOF be cancelled effective the 4th October, 1934.

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Ottawa, 3rd October, 1934.

**Supplement No. 1 to Appraisers' Bulletin No. 4184**

The Honourable the Minister of National Revenue has ordered that the fixed valuation for duty purposes on Lettuce, set forth in Appraisers' Bulletin No. 4184, be cancelled INSOFAR AS IT APPLIES TO POINTS IN ONTARIO AND EAST THEREOF effective the 4th October, 1934.

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Ottawa, 12th October, 1934.

**Supplement No. 1 to Appraisers' Bulletin No. 4208**

The Honourable the Minister has ordered that the effective period for the application of the fixed valuation for duty purposes on Green Peas set forth in Appraisers' Bulletin No. 4208, INSOFAR AS IT APPLIES TO POINTS IN ONTARIO AND EAST THEREOF, be extended from the 21st October to the 3rd November, 1934.

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Ottawa, 12th October, 1934.

**Supplement No. 1 to Appraisers' Bulletin No. 4221**

The Honourable the Minister has ordered that the fixed valuation

for duty purposes on Green Beans, set forth in Appraisers' Bulletin No. 4221, be cancelled effective the 12th October, 1934.

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Ottawa, 17th October, 1934.

**Supplement No. 2 to Appraisers' Bulletin No. 4208**

The Honourable the Minister has ordered that the fixed valuation for duty purposes on Tomatoes set forth in Appraisers' Bulletin No. 4208, be cancelled effective the 18th October, 1934.

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Ottawa, 18th October, 1934.

**Supplement No. 1 to Appraisers' Bulletin No. 4250**

The Honourable the Minister of National Revenue has ordered that the fixed valuation for duty purposes on Grapes set forth in Appraisers' Bulletin No. 4250, be cancelled INSOFAR AS IT APPLIES TO POINTS IN MANITOBA AND WEST THEREOF, effective the 20th October, 1934.

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## MONTREAL TAX INVESTIGATION

Mr. Lorenzo Belanger, C.P.A., of Montreal, past-president of our Society and a member of our Dominion board, is one of four experts appointed by the city of Montreal to report on the city's tax problem, the other three being Mr. Oscar Morin, of Quebec, Mr. Thomas Bradshaw, C.A., of Toronto, and Mr. Horace L. Brittain, of Toronto. Their appointment dates from October 15th.

# CHAPTER NOTES

## MONTREAL

(From the Montreal Gazette)

Dr. W. C. Clark, Federal Deputy Minister of Finance, was the guest speaker at the opening dinner of the Montreal chapter of the Canadian Society of Cost Accountants and Industrial Engineers in the Windsor Hotel. He was introduced by L. Belanger and thanked by R. W. Louthood. Dr. A. O. Dawson, president of the Montreal Chamber of Commerce, and James L. Carson, representing the Montreal Board of Trade, also spoke.

At the head table were: E. Howard Smith, James L. Carson, F. A. Gauthier, R. W. Louthood, Col. B. B. C. Buchanan, A. H. Bowland, W. S. Noiseux Prof. Lucien Favreau, A. S. Keiller, E. K. Read, J. T. Stevens, P. W. Wright, Dr. W. C. Clark, Dr. A. O. Dawson, N. W. Berkinshaw, R. C. Stevenson, B. A. Dugal, G. Fay Davies, L. Belanger, Charles Thivierge, T. O. Sweezy, James Blain and D. R. Patton.

## TORONTO

Reported by Scott Fyfe, Assistant Secretary

If the first two meetings of the season are any criterion, Toronto chapter is in for about the best year in its history. Following upon the large attendance at the Hinde and Dauch factory in September, the number attending the October meeting was considerably in excess

of the accomodation made with the Royal York Hotel; consequently, some members were obliged to have dinner in adjoining quarters. In all over 100, including a number of our members from the Hamilton and Central Ontario chapters, heard Dr. Corwin D. Edwards answer the question "What of the Consumer?"

Dr. Edwards, who holds a key position in the Recovery Administration, has what one Toronto newspaperman quite correctly termed "a bewildering knowledge of a baffling subject". So much so that questions in open discussion afterwards were surprisingly few, whether from the fact that Dr. Edwards had so thoroughly covered his subject or from the fact that some of us were somewhat bashful about displaying our lack of knowledge of the economics involved, is hard to say; probably it was a combination of the two. After adjournment, however, several approached the doctor with queries and for the better part of an hour he gave answers to the best of his ability.

In the course of his remarks, Dr. Edwards stated that if they had the New Deal to do over again they would not write so many codes, confining their efforts to the major industries. It is possible that some of the superfluous codes may be dropped when the Act is re-written next year. The difficulties inherent in a plan of price fixing were outlined, Dr. Edwards claiming that "regulation of prices becomes regulation of qualities, distribution, distributing terms and discounts, credits, premiums and from 15 to 18 other considerations". Although the New Deal is still in the stage of experimentation, he said that it was certain to have permanent effects on the industrial and economic life of the nation, although what those results would be is at present hard to say.

All in all it was a mighty fine evening, and may be summed up as one of our members tersely put it "It didn't settle anything definitely, but it certainly gave us plenty to think about".

Coming back to cost accounting subjects, the address on November 15 will be on the Cost of Distribution, and will be given by G. H. Armstrong, who is director of education for the International Business Machines Corporation of New York. Although Mr. Armstrong represents a company with which most cost accountants are familiar, his talk is in no way to be construed as a sales message. Mr. Armstrong has very successfully addressed organizations similar to ours in various cities in the United States, and those attending the meeting will be assured of a really worth-while evening.

## HAMILTON

Reported by W. A. McKague, General Secretary

Hamilton's opening meeting of the season, on October 24th, was addressed by Mr. R. F. Bruce Taylor, C.A., of Edwards, Morgan & Co., Toronto, on the subject of "Stock Exchanges and Stock Brokers". Mr. Taylor was first entertained at dinner by the executive. About thirty turned out for the meeting, showing that our Hamilton members and their friends have, as usual, an interest in topics outside the field of industrial accounting. Mr. Taylor spoke effectively, and demonstrated thorough knowledge of his subject, and considerable discussion ensued. As his paper is printed in this issue, it is not necessary to outline it here.

Hamilton's next meeting will be on November 14th, with Mr. W. T. Brickenden, of Thorne, Mulholland, Howson and McPherson, Toronto, as speaker.

## CENTRAL ONTARIO

Reported by W. A. McKague, General Secretary

Central Ontario Chapter's opening meeting on October 18th, in the Guelph Armouries, was attended by over 20, mostly our Guelph members and their friends. After the usual excellent dinner put up by the Armoury catering department, Messrs. Stanley LeBrocq and A. Schaefer, who had kindly come from Hamilton for the occasion, undertook to answer questions, and the Taylor-Forbes Co. representatives brought up a few which, while more or less unanswerable from experience, at least opened up some new lines of thought. We thought that things were just getting nicely going, when chairman Earnshaw, no doubt out of consideration for the out-of-town visitor, called the meeting to a conclusion. Anyway it was quite a successful opener, and a credit to our Guelph boosters.

A program of meetings has been mailed to each member, and it is hoped that with some improvement in general conditions, the membership of the Chapter can be enlarged this season. Jack Henderson, of Newlands & Co., Ltd., Galt, has already joined our forces. Mr. W. L. Jardine, of Clare Bros. & Co. Ltd., Preston, is back in the fold, and several others have expressed definite interest.

# REFERENCE LITERATURE

## RECEIVED IN OCTOBER

"Tennessee Valley Authority" Accounting, Some Phases of N. A. C. A. Bulletin, October 15.

Budget, The Harris County. N.A.C.A. Bulletin, October 15.

Costs and Profits in Present-Day Accounting. N.A.C.A. Bulletin, October 1.

Budgetary Control, Some Introductory Observations on Commonwealth Journal of Accountancy, August 1.

Bedaux System of Labour Measurement. The Cost Accountant, September.

Highways Maintenance Costing and Control. The Cost Accountant, September.

Investigations, Costing. The Cost Accountant, October.

Standard Costs. The Cost Accountant, October.

## CHAPTER PROGRAMS—1934-35

### Montreal

SEPTEMBER 22nd—
Inspection at Valleyfield of Canadian Cottons Co., Ltd, McDonald & Robb Milling Co.; Beauharnois Power Co.

OCTOBER 12th—
Opening Dinner.
Dr. W. C. Clark, Deputy Minister of Finance.

OCTOBER 26th—
The Need of Better Cost Accounting in Life Insurance Co.
G. Fay Davies, Assistant General Manager, Northern Life Insurance Co.

NOVEMBER 9th—
Reorganization meeting of the Hope Washing Machine Co. Ltd.
L. N. Buzzell, C.A. and His Directors.

NOVEMBER 23rd—
Rate setting by Formulas and Charts for predetermining Labour Costs.
W. Snaith, Industrial Engineer, Paul E. Dufresne & Associates.

DECEMBER 7th—
Profitable Sales Prices; Their Cost and the Proof of Both.
T. I. Smythe, David & Frères, Limited.
Footwear Manufacturing, Cost Methods, Cost Reduction, Cost Control.
H.Dufresne, President Black Shoe Co.

JANUARY 18th—
Social Evening Smoker.

FEBRUARY 1st—
Cost of Education.
V. Doré, President, Commission Scolaire.

FEBRUARY 15th—
Open Forum.
Cost Accounting Class vs L'Ecole des Hautes Etudes Commerciales.
Lucien Favreau, D. R. Patton, G. MacPenzie (organizers).

MARCH 1st—
Subject: Will be announced later.
Speaker: Lorenzo Bélanger, C.P.A.
MARCH 15th—
Standard Costs. Its advantages, its application and the results.
Paul E. Gnaedinger, Industrial Engineer, Dominion Rubber System.
MARCH 29th—
Mechanical Accounting and Machine Demonstration.
R. G. Johnson, Burroughs Adding Machine Co.
APRIL 12th—
Bankruptcy Act.
Joseph Blain, Mercier, Blain, Bissonnette & Fauteux.
APRIL 26th—
Informal Closing Dinner.
Speaker to be announced later.

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### Toronto

SEPTEMBER 18, 1934 (Tuesday)
Golf with Hamilton Chapter, at Burlington Golf & Country Club.
SEPTEMBER 25, 1934 (Tuesday)
Plant visit at 4 p.m., at the Hinde & Dauch Paper Co. of Canada, Ltd., followed by dinner and address on "Costs in the Paperboard Industry," by G. F. Mayhew.
OCTOBER 12, 1934 (Friday)
Subject: "What of the Consumer "
Speaker: Dr. Corwin D. Edwards, Technical Director, Consumers' Advisory Board, N.R.A. Administration, Washington, D.C.
NOVEMBER 15, 1934 (Thursday)
Subject: "Cost of Distribution."
Speaker: G. H. Armstrong, Director of Education, International Business Machines Corporation, New York.
DECEMBER 7, 1934 (Friday)
Subject: Debate on "Resolved that Depreciation Charges Should be Based on Volume of Business Rather Than on Time."
Speakers: Affirmative—B. W. Lang, Goodyear Tire & Rubber Co. of Canada, Ltd., and
G. Abrams, C.A., J. P. Langley & Co.
Negative —R. H. Metcalfe, Massey-Harris Co., Ltd., and
R. W. E. Dilworth, C.A., Clarkson, Gordon, Dilworth, Guilfoyle & Nash.
JANUARY 22, 1935 (Tuesday)
Subject: The Dominion Companies Act.
Speaker: A. B. Shepard, F.C.A., Thorne, Mulholland, Howson & McPherson.
FEBRUARY 8, 1935 (Friday)
Social Evening.
FEBRUARY 27, 1935 (Wednesday)
Subject: Minimum Wages and Industrial Code.
Speaker: To be announced.
MARCH 27, 1935 (Wednesday)
Subject: Distribution of Factory Burden.
Speaker: H. M. Turner, Comptroller, Canadian General Electric Co., Ltd.

**APRIL 18, 1935 (Thursday), CLOSING DINNER**
Subject and speaker to be announced.
MAY 21, 1935 (Monday)
Golf Event.

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**Hamilton**

OCT. 24th—R. F. Bruce Taylor, C.A., Edwards, Morgan & Co., Toronto.
"Stock Exchanges, Brokers and Methods of Business."
NOV. 14th—W. T. Brickenden, Thorne, Mulholland, Howson and McPherson, Toronto.
"Plant Engineering in Relation to Costs."
NOV. 28th—Harry H. Hallatt, Toronto.
"The Scientific Wage Dollar Money System."
DEC. 5th—J. E. McKee, International Business Machines Ltd., Toronto.
"Business Machines as Applied to Accounting and the Compilation of Statistics" with demonstrations.
JAN. 23rd—Social Evening.
FEB. 6th—H. C. Upper, Canadian Wineries Ltd., Toronto.
"Cost Accounting in the Wines Industry."
FEB. 20th—B. W. Lang, Goodyear Tire and Rubber Co., Ltd., New Toronto.
"Depreciation."
MAR. 6th—Members.
"The Annual Meeting of the A.B.C. Co., Ltd.
MAR 20th—F. H. Vercoe, B. Sc. Steel Co. of Canada Ltd., Toronto.
"The Relation of the Industrial Engineer to the Accounting Department."
APR. 10th—Closing Meeting.
R. J. Menary, Hamilton.
"Our Civic Financial Structure."

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**Central Ontario**

OCTOBER 18, 1934 (Thursday) at 6 p.m., Guelph Armouries, Guelph.
Subject: Open Question Night.
Speaker: Mr. S. E. LeBrocq and Mr. A. Schaefer, The Steel Company of Canada, Ltd., Hamilton.
NOVEMBER 16, 1934 (Friday) at 6 p.m., at Woodstock, Ont.
Subject: The Dominion Companies Act.
Speaker: Mr. W. S. Ferguson, C.A., of the University of Toronto, Shaw Schools Ltd., and Seburn, Ferguson & Baker.
DECEMBER 3, 1934 (Monday) at 6 p.m., at Walper Hotel, Kitchener.
Subject: Accounting Organization and Control.
Speaker: Mr. G. R. M. Dingle, Comptroller, The Massey-Harris Co. Ltd., Toronto, and Vice-chairman, Toronto Chapter.
FEBRUARY 5, 1935 (Tuesday) at 6 p.m., at Iroquois Hotel, Galt.
Subject: Control of Consumable Supplies.
Speaker: Mr. R. Presgrave, J. D. Woods & Co. Ltd., Toronto.
MARCH 11, 1935 (Monday) at 6 p.m., at Walper Hotel, Kitchener.
Subject: Leather Tanning Costs.
Speaker: Mr. G. F. Cossar, C.G.A., of A. R. Clarke & Co. Ltd., Toronto.
APRIL , 1935, at 6 p.m., at Guelph Armouries, Guelph.
Annual Meeting.
Subject and Speaker, and exact date, to be announced.